

COPY

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF SOUTHERN INDIANA GAS AND )  
ELECTRIC COMPANY d/b/a VECTREN ENERGY )  
DELIVERY OF INDIANA, INC. ("VECTREN SOUTH - )  
ELECTRIC") FOR (1) AUTHORITY TO INCREASE ITS )  
RATES AND CHARGES FOR ELECTRIC UTILITY )  
SERVICE; (2) APPROVAL OF NEW SCHEDULES OF )  
RATES AND CHARGES APPLICABLE THERETO; (3) )  
INCLUSION IN ITS BASE RATES OF COSTS )  
ASSOCIATED WITH CERTAIN PREVIOUSLY )  
APPROVED QUALIFIED POLLUTION CONTROL )  
PROPERTY PROJECTS; (4) AUTHORITY TO )  
IMPLEMENT A RATE ADJUSTMENT MECHANISM TO )  
TRACK INCREMENTAL CHANGES IN CERTAIN )  
COSTS AND REVENUES RELATING TO ITS )  
GENERATING FACILITIES; (5) AUTHORITY TO )  
IMPLEMENT A RATE ADJUSTMENT MECHANISM TO )  
TRACK INCREMENTAL CHANGES IN NON-FUEL )  
RELATED MIDWEST INDEPENDENT TRANSMISSION )  
SYSTEM OPERATOR, INC. ("MISO") CHARGES AND )  
PETITIONER'S TRANSMISSION REVENUE )  
REQUIREMENT; (6) APPROVAL AS AN ALTERNATIVE )  
REGULATORY PLAN PURSUANT TO IND. CODE § 8-1- )  
2.5-6 OF A RETURN ON EQUITY TEST TO BE USED IN )  
LIEU OF THE STATUTORY NET OPERATING INCOME )  
TEST IN ITS FUEL ADJUSTMENT CHARGE )  
PROCEEDINGS; (7) APPROVAL OF REVISED )  
DEPRECIATION ACCRUAL RATES; (8) APPROVAL OF )  
THE CLASSIFICATION OF PETITIONER'S FACILITIES )  
AS TRANSMISSION OR DISTRIBUTION IN )  
ACCORDANCE WITH THE FEDERAL ENERGY )  
REGULATORY COMMISSION'S SEVEN FACTOR )  
TEST; AND (9) APPROVAL OF VARIOUS CHANGES TO )  
ITS TARIFF FOR ELECTRIC SERVICE INCLUDING )  
NEW INTERRUPTIBLE AND ECONOMIC )  
DEVELOPMENT RIDERS. )

FILED

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INDIANA UTILITY  
REGULATORY COMMISSION

CAUSE NO. 43111

PETITIONER'S SECOND MONTHLY INVESTMENT UPDATE

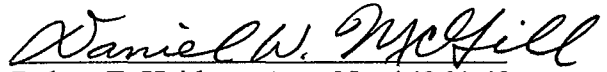
Pursuant to 170 IAC 1-5-5(4)(D) of the Commission's Rules on Minimum Standard

Filing Requirements, Petitioner Southern Indiana Gas and Electric Company, Inc. d/b/a Vectren

Energy Delivery of Indiana, Inc. submits herewith its second monthly investment update

regarding the Culley Unit 3 fabric filter, a major project for which a rate base adjustment has been made in Petitioner's case-in-chief.

Respectfully submitted,



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d/b/a Vectren Energy Delivery of Indiana,  
Inc.

**CERTIFICATE OF SERVICE**

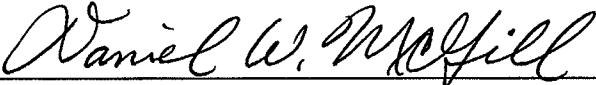
The undersigned hereby certifies that the foregoing Petitioner's Second Monthly Investment Update was served by depositing a copy thereof in the United States mail, first class postage prepaid, addressed to:

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this 3rd day of January, 2007.

  
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Daniel W. McGill

INVESTMENT REPORT  
CULLEY UNIT 3 FABRIC FILTER

The Culley Unit 3 Fabric Filter began functioning as the primary particulate removal device in late November. The restart of the unit after installation of the Fabric Filter was initiated and completed approximately one week ahead of the original schedule. Although the Fabric Filter is operational, there is a significant amount of insulation, painting, electrical and site clean-up work remaining to be completed. In addition, a typical amount of defined completion items (i.e. punch list work) is on-going. After a reasonable amount of those items are finished, performance testing will be completed. At the present time, the unit is performing at a level that has made a significant reduction in the particulate emission rate, but additional testing and tuning must be done before the unit will meet full contractual compliance.

As of November 30, 2006, Vectren South has incurred capital costs (including AFUDC and capitalized overheads) of \$40,205,419. A detailed itemization of the costs is shown in Attachment No. 1.

Vectren Power Supply		
Summary for Multipollutant Project		
05423009010 Fabric Filter		
	11/30/2006	
	Project to Date	
	Total Spend	
TOTAL OVERHEADS	\$ 1,167,992.00	
CONTRACT LABOR		
Action Automation	3,155.00	
Action Pest Control	488.08	
Aigner Jerry Construction Co	12,080.37	
Alpha Controls	8,434.98	
Apogee Scientific, Inc	90,780.00	
AQS	0.00	
Baker-Bohnert	12,923.00	
Black & Veatch	33,312,779.07	
Bledsoe & Associates	3,384.59	
Codan Associates Inc	10,000.00	
Cornerstone Controls	11,167.86	
Crescent City Security Inc	511.92	
Custom Mechanical Construction, Inc	229,270.64	
Envrionmental Management Consultants Inc	100.00	
Ecolochem Inc	37,744.72	
Fisher Controls Company	28,049.88	
Heritage Petroleum LLC	1,670.56	
Honeywell Inc	2,000.00	
ICI Delux Paint Centers	532.93	
Incorp, Inc	14,477.61	
Indiana Fluid Systems	997.76	
Industrial Contractors	93,784.31	
Industrial Technical Support	66,884.75	
Kinder Moving & Storage	150.00	
Koorsen Protection Services Inc	1,519.59	
May Sheet Metal Inc	8,850.00	
Midco Supply Company	3,163.20	
Morley & Associates	1,900.00	
MPW Industrial Services	32,610.08	
MW Engineering Assistance	65,632.00	
Nellis Landscape Service Inc	20,008.60	
Plumbers Supply Company	25.97	
Precision Piping & Mechanical	38,779.94	
Professional Consultants	2,407,511.87	
Reliant Services LLC	60.00	
RGW Enterprises LLC	1,699.00	
Schalco Quality Garage Door	3,700.00	
Shekell JE Refrigeration	96,450.34	
Southern Tank & Manufacturing	2,179.56	
Southwestern Communications	20,073.72	
Sterling Boiler & Mechanical	330,288.96	
Technical Marketing Inc	37,000.00	
The Glidden Co	21.22	
Transformer Decommissioning	9,240.00	
Tremco	2,781.00	
Tri-County Equipment Co Inc	1,486.26	
Tri-State Fence Company	3,896.00	
Tri-State Lighting & Supply	175.64	
Trivaco	26,630.84	
URS Corporation	3,323.92	
Wilderman & Associates	3,892.00	
Xerox Corporation	2,649.94	
Total Contract Labor	37,066,917.68	

Vectren Power Supply	
Summary for Multipollutant Project	
05423009010 Fabric Filter	
	11/30/2006
	Project to Date
	Total Spend
CONTRACT MATERIALS	
Ameristamp	4,907.30
Anixter Inc	11,737.59
Atlas Machine & supply	12,528.20
Big River Rubber	3,559.68
Black & Veatch	1,110,632.00
Black Box Netwrok	1,385.70
Center Heights Lumber	747.73
CIM Audio Visual	3,180.00
Dell Computer Corp	4,413.84
Graybar Electric Company	13,000.90
Hutch & Son	869.27
ICI Delux Paint Centers	382.00
Industrial Valve	9,775.00
Keller Schroeder & Associates	15,273.41
Marshal Glove & Supply	34.64
Nichols Electric Supply	2,236.32
Pac-van	50,010.00
Shirley Engraving Co Inc	33.92
Telecom Solutions	748.00
UE Systems	10,040.00
US Bank	6,864.34
Total Contract Materials	1,262,359.84
IN HOUSE MATERIALS	9,806.28
TOTAL LABOR AND BENEFITS	634,253.65
OTHER EXPENSES	
Auto Rental	0.00
Dues/Fees	0.00
Ground Transport	0.00
Lodging	292.90
Manual Conversion Adj	0.00
Meals	0.00
Miscellaneous	4,000.78
Other Personal Expense	0.00
Parking	0.00
Personal Auto Usage	2,100.92
Sales Tax Correction	(0.00)
Telecommunications	(138.60)
Project Transfer	53,980.85
Office Supplies	1,877.01
Vehicle Class 1	0.00
Vehicle Class 2	4,777.52
Vehicle Class 3	0.00
Vehicle Class 4	0.00
Total Other	66,891.38
Discounts	(2,802.18)
<b>Total Spend</b>	<b>\$ 40,205,418.65</b>